In-house EVM Workshop

Defense Systems Management College
Ft. Belvoir, Virginia
June 22-23, 1999

REPORT DOCUMENTATION PAGE

Form Approved OMB No. 0704-0188

1. REPORT DATE (DD-MM-YYYY) 22-06-1999	2. REPORT TYPE Conference presentations and papers	3. DATES COVERED (FROM - TO) 22-06-1999 to 23-06-1999

4. TITLE AND SUBTITLE
In-House EVM Workshop
Unclassified

5a. CONTRACT NUMBER
5b. GRANT NUMBER
5c. PROGRAM ELEMENT NUMBER

6. AUTHOR(S)

5d. PROJECT NUMBER
5e. TASK NUMBER
5f. WORK UNIT NUMBER

7. PERFORMING ORGANIZATION NAME AND ADDRESS
OUSD(A&T) and DSMC
xxxxx
xxxxx, xxxxxxx

8. PERFORMING ORGANIZATION REPORT NUMBER

9. SPONSORING/MONITORING AGENCY NAME AND ADDRESS
OUSD(A&T)
,

10. SPONSOR/MONITOR'S ACRONYM(S)

11. SPONSOR/MONITOR'S REPORT NUMBER(S)

12. DISTRIBUTION/AVAILABILITY STATEMENT
APUBLIC RELEASE
,

13. SUPPLEMENTARY NOTES

14. ABSTRACT
See Report.

15. SUBJECT TERMS

16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Public Release	18. NUMBER OF PAGES 88	19. NAME OF RESPONSIBLE PERSON http://www.acq.osd.mil/pm/paperpres/in-house_evm/ (blank) lfenster@dtic.mil
a. REPORT Unclassified	b. ABSTRACT Unclassified	c. THIS PAGE Unclassified			19b. TELEPHONE NUMBER International Area Code Area Code Telephone Number 703767-9007 DSN 427-9007

Objectives

- Identify issues and obstacles to the effective use of EVM on in-house projects
  - Develop list of recommendations and solutions
- Share best practices and lessons learned

Agenda

Day 1 – Tuesday, June 22, 1999

Opening remarks and administrative information	8:00 – 8:15
OSD Perspective – Gary Christle	8:15 – 9:00
"A View from the Field" – selected speakers	9:00 – 10:00
Break	10:00 – 10:15
Form topic discussion groups	10:15 – 10:30
Topic discussions	10:30 - 11:30
Lunch – Ft. Belvoir Officers Club	11:30 – 1:00
Topic discussions	1:00 – 4:30
Daily wrap-up	4:30 – 5:00

Agenda - cont.

Day 2 – Wednesday, June 23, 1999

Topic discussion	8:30 – 11:30
Lunch - roundtable software discussion	11:30 – 1:00
Topic discussions	1:00 – 2:00
Break (reconvene in Bldg. 292)	2:00 – 2:15
Topic debriefs	
# 1 Validation and Surveillance – Bill Gibson	12:15 – 2:45
# 2 Implementation Considerations – Tom Bryant	2:45 – 3:15
Break	3:15 – 3:30
# 3 Accounting Systems – Mark Zenthoefer	3:30 – 4:00
# 4 Data Analysis and Training – Susan Wood	4:00 – 4:30
Wrap-up	4:30 – 5:00

Other Activities

- Tuesday - Luncheon Presentation
  - Speaker: Rob Robbins (F-14 PMO)
  - Place: Ft. Belvoir Officers Club
  - Time: 11:30- 1:00
  - Cost: $12.50 for all-you-can-eat buffet
- Wednesday - SW Roundtable Discussion
  - Host: Dave Melton
  - Place: Classroom #73, Building 207
  - Time: 11:30 - 1:00
  - Lunch available at the cafeteria in Building 207

Administrative Information

- Messages
  - Voice messages: 703-805-2848
  - Email messages: waelchli@dsmc.dsm.mil
  - Faxes: 703-805-3184
- Cafeteria
  - Located in Building 207
  - Hours: 6:30 AM to 1:30 PM daily

Earned Value

A Manager's Tool for Integrated Cost, Schedule and Technical Performance Management
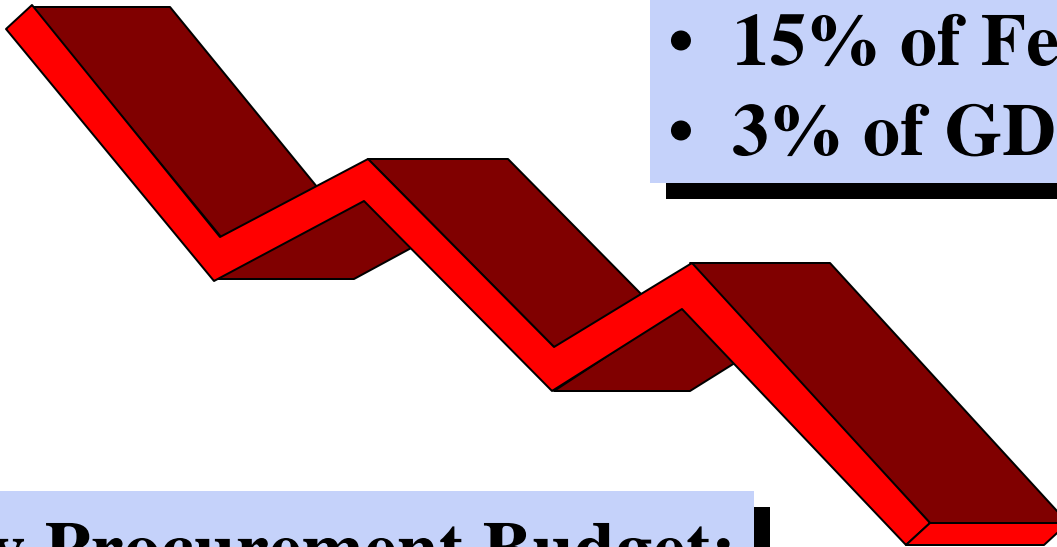
OUSD(A&T)SA/PM

1961 Pentagon Spending:
- **40% of Federal Budget**
- **8% of GDP**

1997 Pentagon Spending:
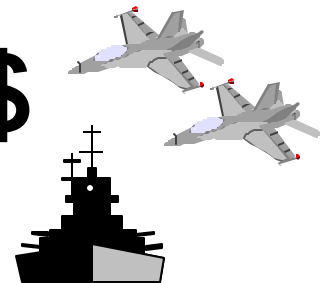- **15% of Federal Budget**
- **3% of GDP**

$$$

$

Military Procurement Budget:
- **Down 67% since 1985 peak**
- **$60 Billion goal**

The 1990's - Shrinking Industrial Base

Lockheed
GD Mil. Jets
Sanders Assoc.
} **Lockheed**

Martin Marietta
GD Rockets
GE Aerospace
} **Martin Marietta**

Loral
Unisys Defense
IBM Fed. Systems
LTV Missiles
Ford Aerospace
Goodyear Aerospace
} **Loral**

} **Lockheed Martin**

Northrop
LTV Aircraft
Grumman
Westinghouse Def
} → **Northrop Grumman**

Boeing
Rockwell Def & Space
McDonnell Douglas

Boeing
Rockwell Def & Space
McDonnell Douglas
} **Boeing**

Raytheon
E-Systems
} Raytheon

Texas Instruments Def

Hughes Aircraft
Magnavox Def
CAE Link
GD Missiles
}

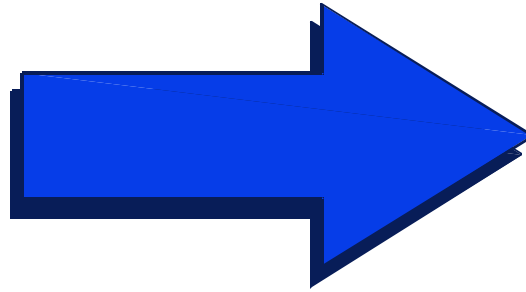Texas Instruments Def

Hughes Aircraft
} **Raytheon**

Reengineering EVMS
October 1993 - A Vision

Inspection

Management

Earned Value Management:
Implementation Problems

- **"Financial Management"**
- **Audit-like reviews**
- **Reporting focus**
- **Too many "surprises"**
  - ◆ **A-12** (Navy)
  - ◆ **AAWS-M** (Army)
  - ◆ **C-17** (Air Force)
- **Challenge: keep good principles, stop bad practices**

STOP

C/SCSC

Lesson of the A-12

The "Beach" Report, A-12 Administrative Inquiry, 28 Nov 1990

- **Too often, earned value insights remain the sole province of the supporting program control staff of both contractors and the government.**

  - **Earned value must be an integral part of the performing design and manufacturing organizations.**

  - **Only when program technical staffs are held accountable for earned value analysis, will they begin to understand its implications.**

The Need For Change:
C/SCSC never had a chance!

- **RFP Review Results 1991 - 1993**

- **Significant misapplication of requirements**
  - ◆ 50% have WBS problems
  - ◆ 75% have excessive variance reporting requirements

Unnecessary Cost

December, 1994, Coopers & Lybrand/TASC Study:

"The DoD Regulatory Cost Premium: A Quantitative Assessment"

and

COST/SCHEDULE CONTROL SYSTEMS (C/SCS)

C&L/TASC Cost Drivers:
Cost without a requirement

- **Total DoD Cost Premium is 18%**

- **C/SCS Cost Premium is 0.9%**
  - ◆ Nearly 3/4 is in Eng'g/Prog Mgmt
    - – Written control account variances
  - ◆ Most of Remainder is in administrative and external reporting activities

Good idea, bad implementation
(C&L/TASC Cost Drivers)

- "In general, **industry views** the general framework and principles of cost/schedule reporting **positively**.

- However, all contractors subject to C/SCS agree that, **as currently required** by DoD, cost/schedule reporting is **too detailed, repetitive, and voluminous** to be used effectively as a management tool by either the government or industry..."

The paradigm must change

- **EV****M****S** <u>reporting</u> **system is of little value;**

- **Program** **M****anagement, not audits;**

- **The Vision:**

  - The quality of a contractor's management system is determined

  - not by the absence of defects,

  - but by the presence of management value.

Services & industry Challenged
Implement "Model Program"

- **Initiated Oct 93**
- **Shift Ownership From Financial Management to Program Management**
  - ◆ Change emphasis from government system to contractor systems
  - ◆ Reduce the review burden
  - ◆ Limit reporting
  - ◆ Ensure comprehensive planning and common understanding of the task
  - ◆ Integrate cost, schedule, technical performance, and risk management

The Acquisition Executives Take Charge
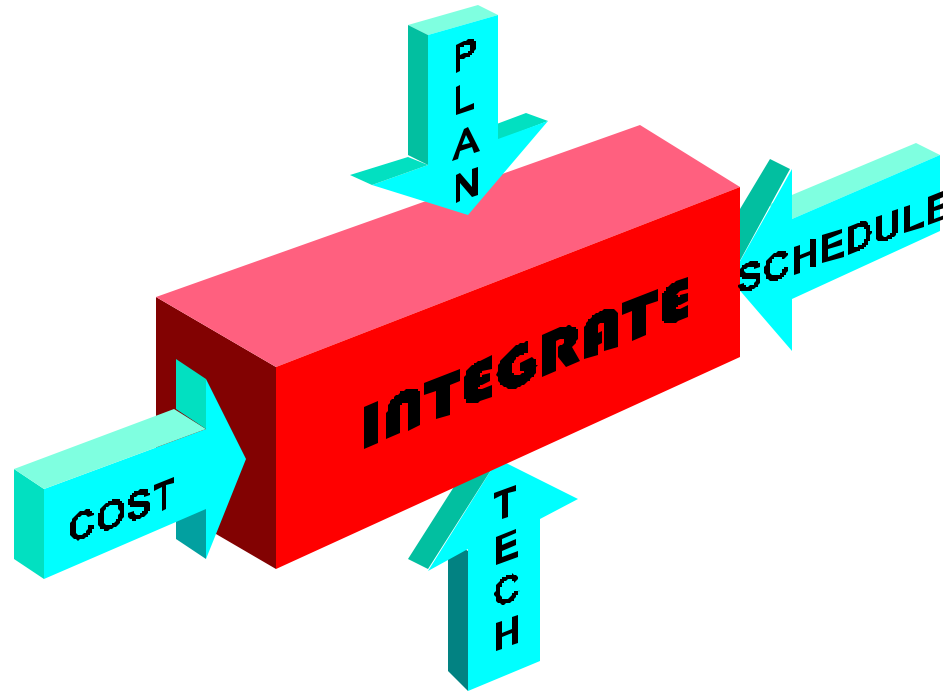
**INTEGRATED PROGRAM MANAGEMENT INITIATIVE**

September 1994

Key Building Blocks
## Integrated Program Management Initiative

- **Model Program Objectives**
- **WBS**
- **IPTs**
- **Integrated Baseline Review (IBR)**
- **"Right Size" Reporting**
- **Integrated Digital Environment**
- **Training**

Work Breakdown Structure:
The Key to Integration

MIL-HDBK-881

COST

SCHEDULE

WBS

TECHNICAL
PERFORMANCE

RISK
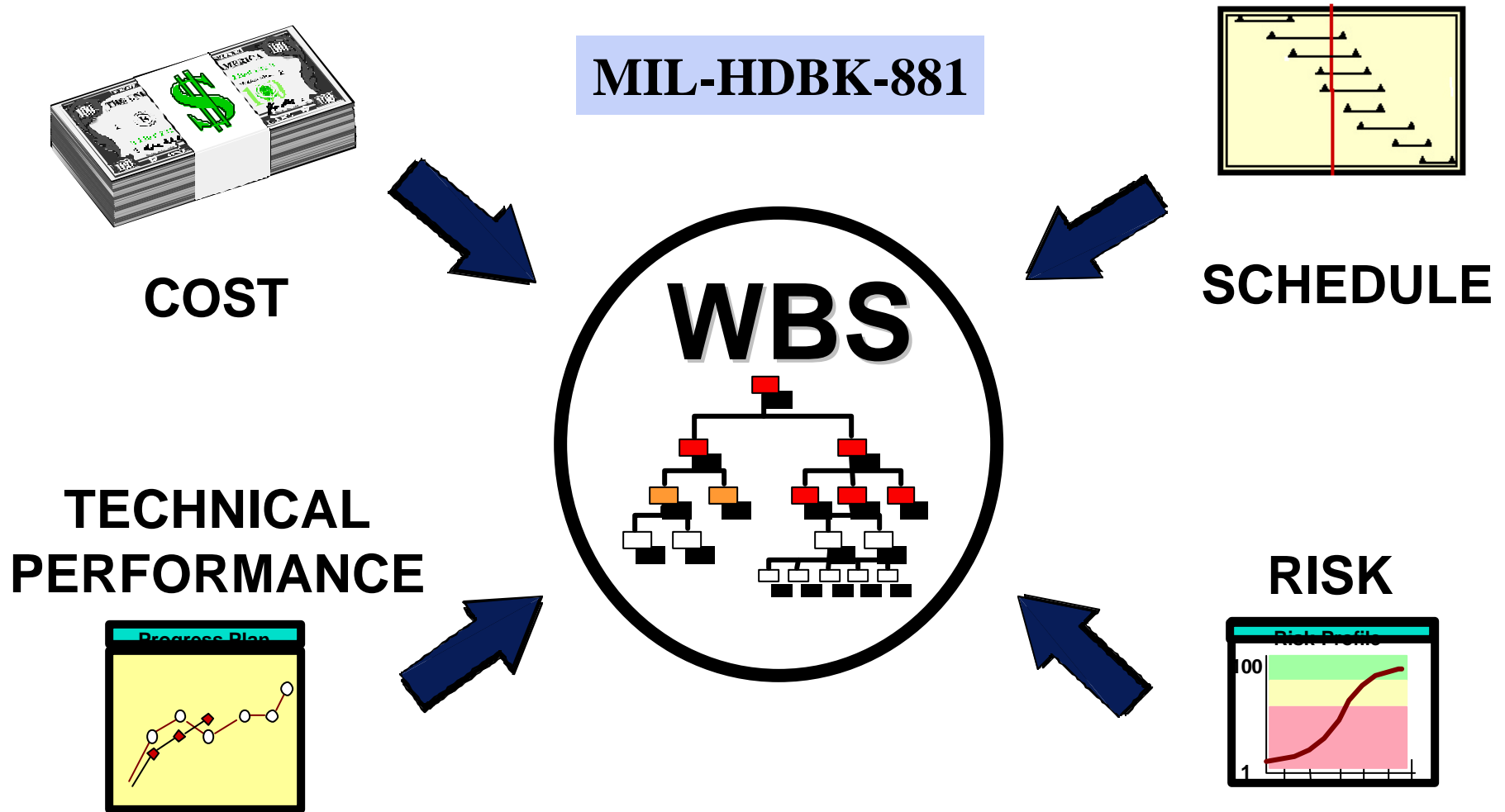
The Control Account:
Where the Action is

• *Plan*
• *Budget*
• *Schedule*
• *Corrective*
  Action

WBS

ORGANIZATION
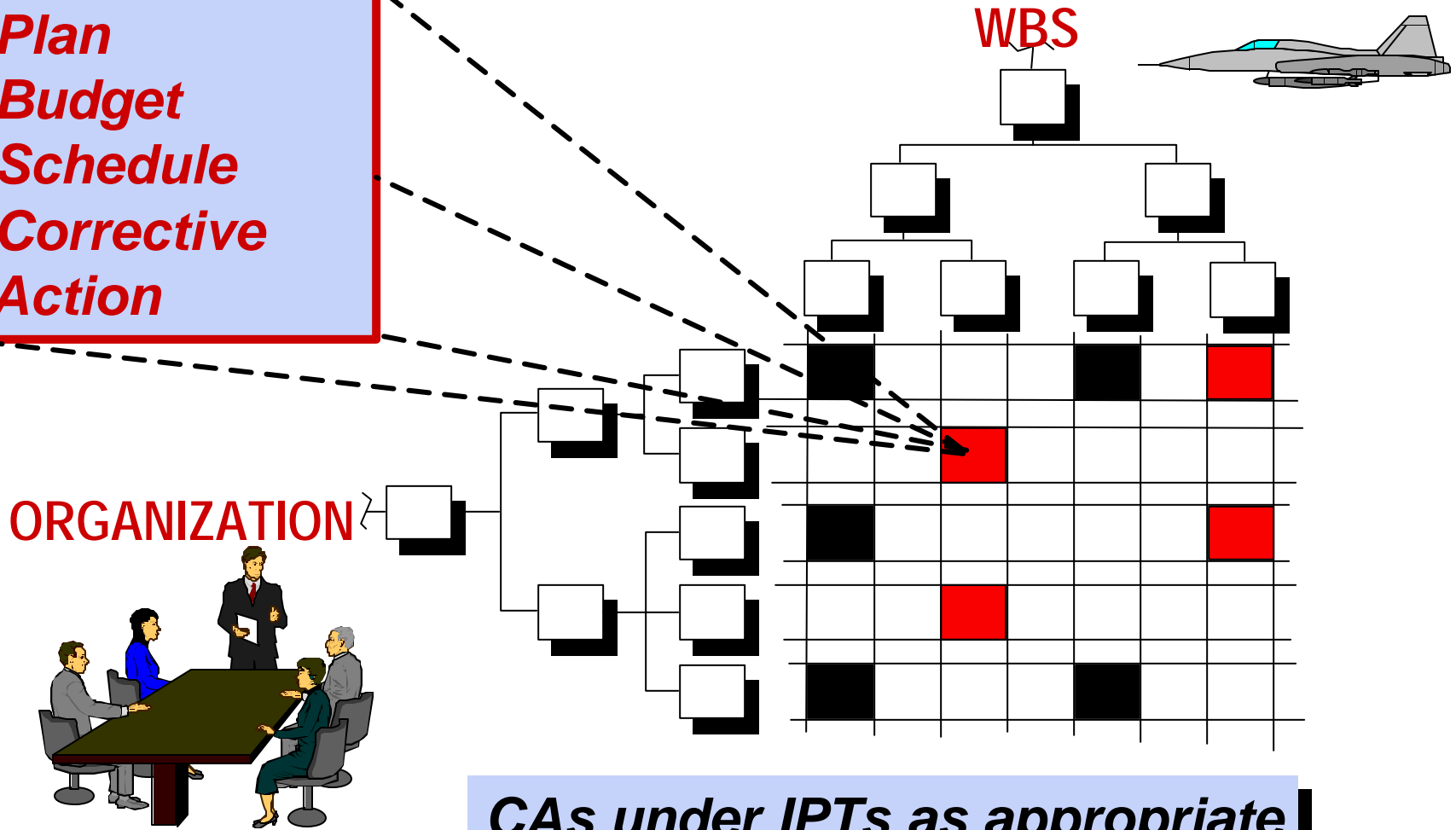
CAs under IPTs as appropriate

Reengineering EVM:
Integrated Baseline Reviews

- **Within 6 months of award**
- **Mutually understand plan**
  - ◆ **Scope**
  - ◆ **Schedule** } **Risk**
  - ◆ **Resources**
- **Planning process vs. event**
- **PM leads**
  - ◆ **EVM staff supports**
  - ◆ **Management system reviews effectively eliminated**

IBR Training
- **Schedules**
- **Mgmt. Systems**

Growing Consensus:
Gov't/Industry Best Practice

- **Dec. '96 DoD accepted industry EVMS guidelines as C/SCSC replacement**

- **Reserved right for government reviews**
  - ◆ **As determined by project manager**
  - ◆ **"Self-certification" not in public interest**

- **Encouraged "true" standard**
  - ◆ **ANSI/EIA 748-98 EVMS issued in 1998**
  - ◆ **DoD and industry EVMS criteria are equal**
  - ◆ **International discussions - Australia, Canada, UK, US**

Earned Value Management: Origins

Industry Best Practices
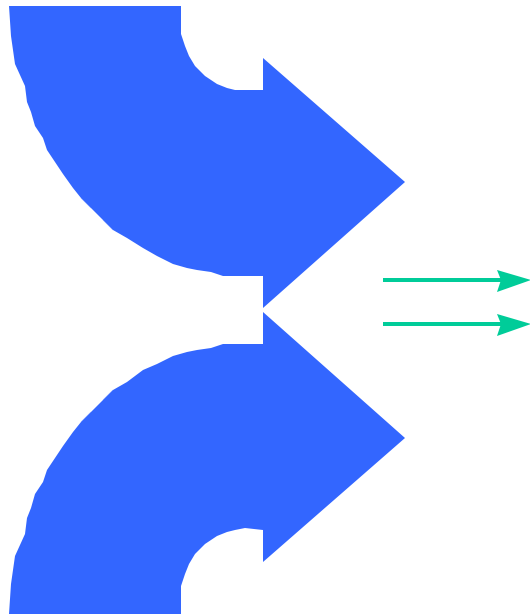
Government Requirements

1967: DoD Instruction 7000.2
35 ~~Cost/Schedule Control~~ CANCELED
Sy~~stems Criteria (C/SC~~SC)

Criterion-based Management
- **Brief statements of attributes**
- **Not "how-to manage"**
- **Not a system**
- **Minimum acceptable standard**

1997: DoD Regulation 5000.2-R
32 Earned Value Management Systems (EVMS) Criteria

DoD Since 1993… Results!

- **DoD EVM**
  - ◆ **Value reaffirmed**
  - ◆ **Shifted to Industry; DCMC Exec. Agent**
  - ◆ **OMB policy**
  - ◆ **Trilateral MoU**
  - ◆ **Intl. Perf. Mgmt. Council**
  - ◆ **Commercial**
  - ◆ **In-house**
  - ◆ **Prof. associations**
  - ◆ **Adopted by NASA, FAA, NRO, FBI, CoE**
  - ◆ **Enterprise-wide**
    - – **Boeing**
    - – **Raytheon**
    - – **Lockheed Martin**
    - – **and others...**
  - ◆ **No major surprises**

Aggregate overrun 5.5% ($1.2B on $72.8B; 66% comp.)

They're even doing it in industry!

- **Industry**
  - ◆ Boeing Defense & Space Group
  - ◆ Lockheed Martin Sunnyvale
  - ◆ McDonnell Douglas
  - ◆ Motorola Iridium ^{tm}
  - ◆ Navistar
  - ◆ Delta Airlines
  - ◆ Delco Electronics
  - ◆ Industry "Standard"
    - – ANSI
- **Project Management Institute**

In-house Workshop Tasks
My *Opinions*

- **Validation & Surveillance**
  - ◆ Policy changes?
  - ◆ Who performs?
- **Implementation**
  - ◆ Can in-house meet all 32 criteria?
- **Accounting Systems**
  - ◆ Are DoD, non-CAS systems compliant?
- **Data Analysis & Training**
  - ◆ Do PMs need EV data?

Earned Value Management Systems
Basic requirements

- **COMPREHENSIVE PLANNING PROCESS**
  - ◆ **Covers entire statement of work**
  - ◆ **Schedules activities**
  - ◆ **Allocates resources**
- **FULLY INTEGRATED MANAGEMENT SYSTEMS**
  - ◆ **Scheduling systems integrated with one another, and with work authorization system, accounting system, MRP, work measurement system, etc. For example:**
    - – **Interdependencies between department, functional, and/or IPT schedules (horizontal integration)**
    - – **Interdependencies from lowest level to master schedule (vertical integration)**

VISION

The quality of a contractor's management system

is determined not by the absence of defects,

but by the presence of management value

NAVAL AVIATION SYSTEMS TEAM

Earned Value Management
in the Naval Aviation Depot Environment

Why Earned Value Management?

- **AIR-00 Monthly Question "How are we doing?" i.e. Aircraft Deliveries to the Fleet Customer**

- **Current Metrics**
  - **"Reporting of History"**
    - **Financial Completions, months past delivery**

- **Future Metrics**
  - **"Reporting In Process Status and Projecting the Final Outcome."**
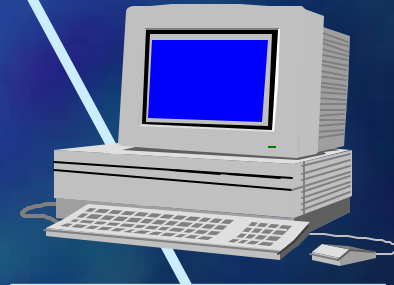   - **Forecast future deliveries based EAC calculations**

Business Processes

- **Challenge of changing processes**
  - How to move from "As Is" to "To Be"?
  - "As Is"
    - Functional stovepipes focused on sub-optimized processes
    - "We've always done it this way"!
  - "To Be"
    - Integrated
      - PLANNING
      - SCHEDULING
      - EXECUTION
      - PERFORMANCE MEASUREMENT

Organization Relationships

- **Eliminate functional stovepipes**
- **Establish independent profit & loss cost centers**
  - **By product line, by NAVAIR IPT**
  - **Process Centric (EVM/ABM)**
  - **Single Project Manager**
  - **Budget Authority**
  - **Negotiated resources**

Information Technology

- **Current Environment**
  - **Multiple Project Management Tools**
  - **No functional baseline or standards**
  - **Emotional ties to favorite software**
- **Changes**
  - **Single set of software tools**
  - **Allocated functional baseline**
  - **Standard data and reporting**

Conclusion

■ **Change management**

– **Significant effort expended on changing:**

■ **Minds**

■ **Attitudes**

■ **Shifting organizational behavior**

– *It's more emotional than technical*

"Strangely enough, this is the past that somebody in the future is longing to go back to."

OSD
In-House
Earned Value Management
Workshop

22 - 23 June 1999

Table of Contents

- **EVM In-House Workshop Findings**
- **Lessons Learned**
  - **Implementation Considerations**
  - **System Validation**
  - **System Certification**
  - **System Surveillance**
  - **Training**
  - **Government Accounting**
    - **Management Information System**
- **Workshop Recommendations**

EVM In-House Workshop Findings

- **EVM implementation within DoD further along than perceived**
- **Direction reaffirmed**
  - **Need to Clarify In-House effort**
    - **DODI 5000.2R**
    - **Update EVMIG**
- **System validation not mandatory for EVM implementation**
- **Standard tool set recommended**

Lessons Learned Implementation Considerations

1. **Insufficient implementation guidance on EVM**

    - Culture change required.

    - How to fund implementation.

2. **Education and training**

    - Funds vs. budget

3. **Timing of funding**

4. **Need contract / work authorization document.**

5. **Modifying legacy system may not be the way to go.**

6. **"Customer Management"/Baseline Management**

    - PEO/PMO must change how business is transacted

7. **Management Incentives**

Lessons Learned System Validation

- **Must comply with 32 criteria**
- **Must have DoD acceptance**
  - **DCMC: Validating Agent**
    - **Limited resources focused on contractors**
  - **Buying Command: No authority**

Lessons Learned
System Certification

- **Must comply with 32 criteria**

- **DoD Acceptance not required**
  - **Buying Command can be Certifying Agent**
    - **Certification valid only within component**
  - **DCMC: Consultant**

Lessons Learned
System Surveillance

- **Self Surveillance**
  - **In-House staff: Primary responsibility**
  - **PEO / Program Office Staff: As required**
  - **DCMC Assistance: Upon request**
- **Types of surveillance:**
  - **Program**
  - **System**
    - **SPC metrics - "system health analysis"**

Lessons Learned Training

- **Target audiences**
  - **No "one size fits all"**
  - **Integrate training**
    - **Scope, schedule, budget/funds**
- **Web-based and on-site instruction**
- **Train the trainers**
- **Procedural training**
- **On the Job**
- **Continuing education**

Lessons Learned Government Accounting

- **Intent of EVM Accounting Criteria based on compatibility with DoD Directive 5000.1b**

- **Accounting system acceptance subject to certification vs. validation requirements**

> **DoD Directive 5000.1b**
> **g. Management Control**
> **…"In implementing internal management control systems, managers should focus on results not process."**

Lessons Learned Government Accounting

- **Budget vs. Costs**
  - **Must separate revenue (funding document) from expense (project costing)**
  - **Color of money doesn't affect scope**
  - **May be helpful to keep revenues at summary level in accounting interface**

- **Materials**
  - **WIP: Cannot usually pull ACWP from financial system -- parts purchase doesn't equal parts usage**
  - **Must use estimations of issuance or track on shop floor**

Lesson Learned Management Information System

- **Accounting system must have three purposes**
  - **Data Storage / Accounting Interface**
    - **Incremental vs. cumulative**
    - **By element of cost**
    - **Data accessible at least monthly**
  - **Job Cost Accounting**
  - **Financial Management**
    - **Project Actuals**
    - **Funds / Revenue**

Lesson Learned Management Information System

- ## **Recommended Process Owners**

Function	Belongs to	Influenced by
Data Storage / Accounting Interface	Comptroller	
Job Cost Accounting	Comptroller	Project Manager
Financial Management		
Project Expenses	Project Manager	
Funds/Revenue	Project Manager	Comptroller

Workshop Recommendations

1. **Form PMAC Working Group to resolve Depot and Logistics issues.**

2. **Need OSD "In-House" Web Site/Deskbook Reference**

   - **Best Practices**

   - **Lessons Learned**

        - **POC: Type of Effort, Location, Office, Phone No, E-mail**

   - **Training References**

   - **Tool Sets**

NADEP Jacksonville Earned Value

NADEP Jacksonville Earned Value

- The Naval Aviation Depot is an industrial facility within the NAVAIR corporation

- "Depot" level rework is performed on aircraft, engines and components

NADEP Jacksonville Earned Value

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

'95 — Start Impl. · EV Training · System Rqmts.

'96 — System Rqmts. · Readiness Review

'97 — Validation Review · System Acceptance

'98 — Re-Design Decision · Integrated Baseline Review · Critical Design Review

'99 — In-House EVM Workshop · MRPII Integration

NADEP Jacksonville Earned Value

Building Blocks

Changed Org. Culture

Reliable Data

Appropriate Work Breakdown Structure

Responsible Control Account Managers

Realistic Critical Path Model

Early Management Buy-In
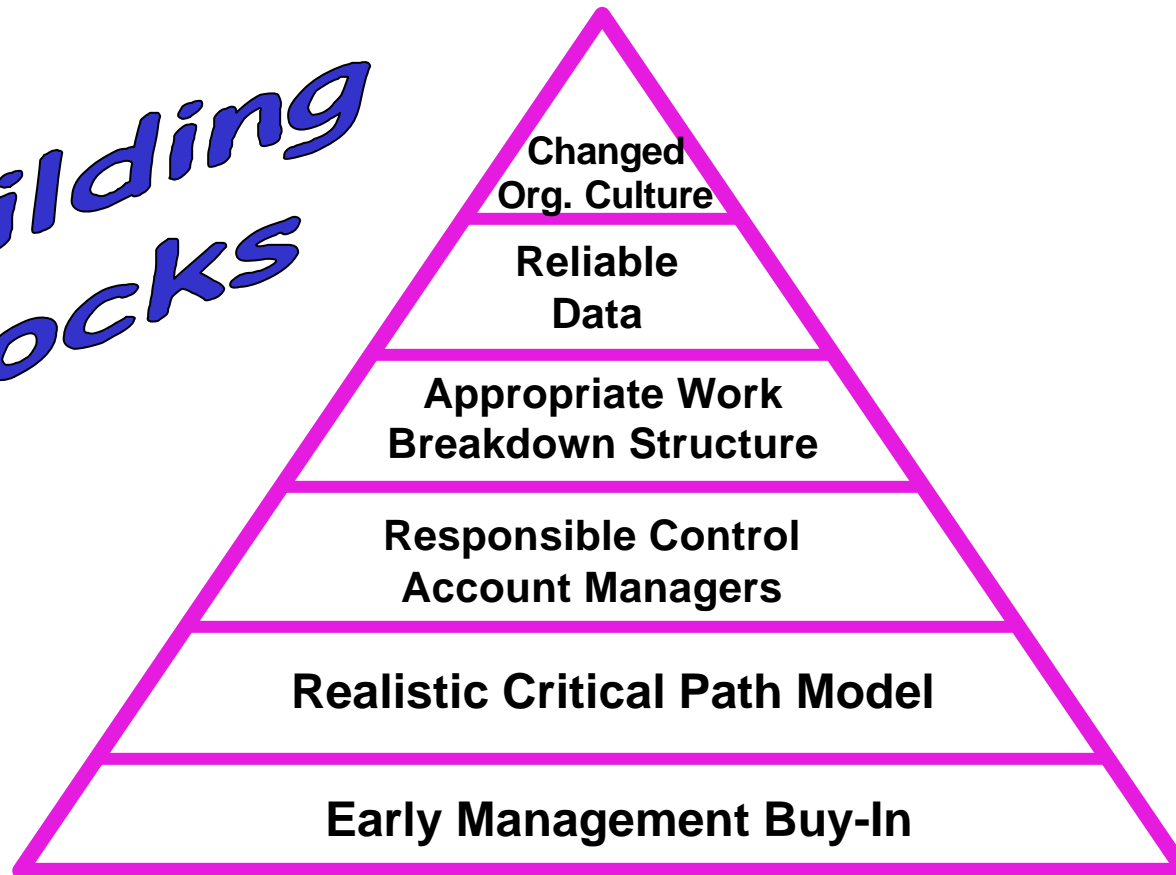
NADEP Jacksonville Earned Value

- ***Early Management Buy-In***
  - Understanding. . .
    - what EV is and the benefits
    - the process and resource requirements
    - customer requirements
    - the integration with other management initiatives
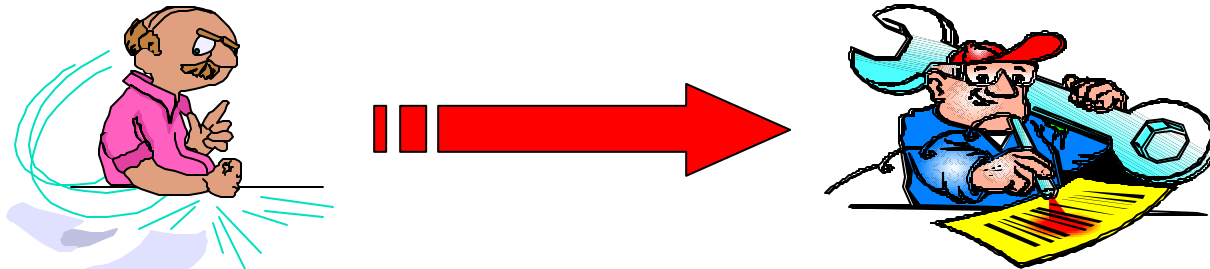
NADEP Jacksonville Earned Value

Current Environment

- Earned Value
- Tailored Pricing/ Scheduling
- CA Studies
  - Matl Mgmt
  - Admin
  - Tech Data
- MRPII
- BPR
  - Matl Mgmt
  - Planning/ Scheduling
- ERP
- ISO 9000

Daily Operations

NADEP Jacksonville Earned Value

- ***Realistic Critical Path Model***
  - Measurable activities which relate to the work to be accomplished
  - Production input
  - Relationships drive the schedule

Template model tailored to reflect project constraints

Planning Model VS. **Working Model**
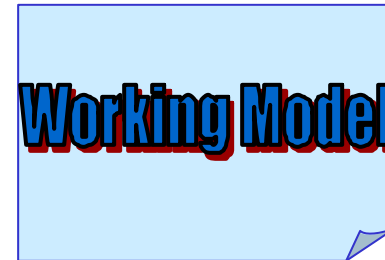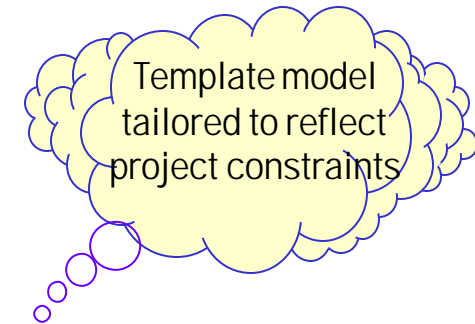
NADEP Jacksonville Earned Value
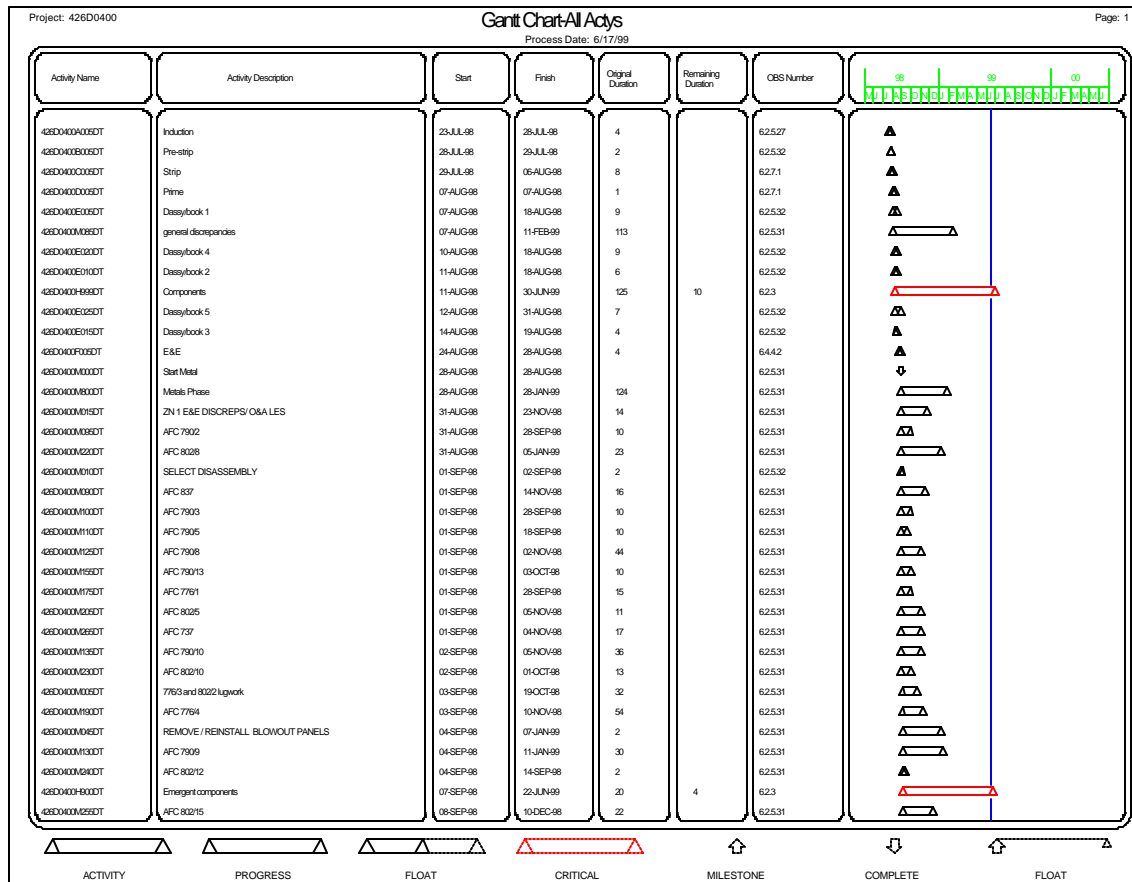
NADEP Jacksonville Earned Value

- *Responsible Control Account Managers*

Responsible Organization

Performing Organization

(Shop Level)

(General Foreman)

- **Performing Organization #1**
- **Performing Organization #2**

NADEP Jacksonville Earned Value

- ***Appropriate Work Breakdown Structure***
  - Must relate to production-based activities
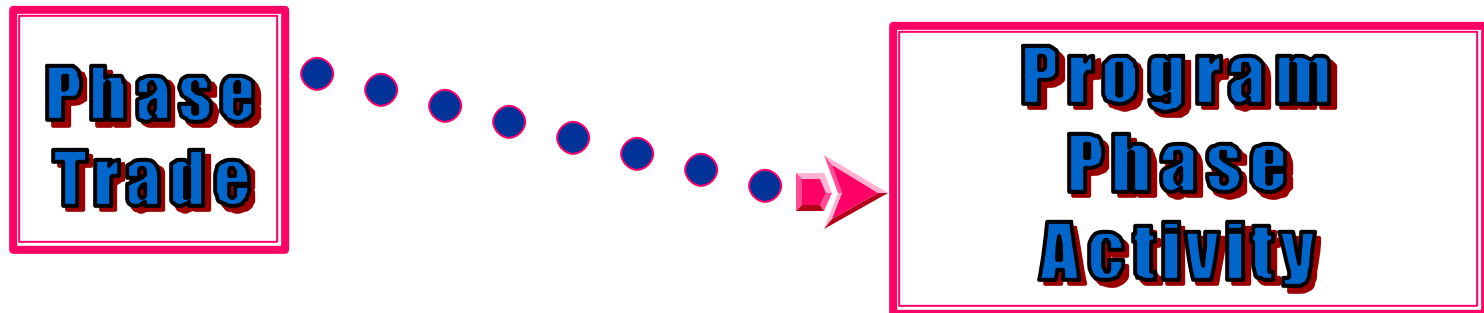
NADEP Jacksonville Earned Value

Meaningful Variance Analysis

NADEP Jacksonville Earned Value

- ***Reliable Data***
  - Centralized EV data
  - Defined interfaces
  - Timeliness required to manage proactively
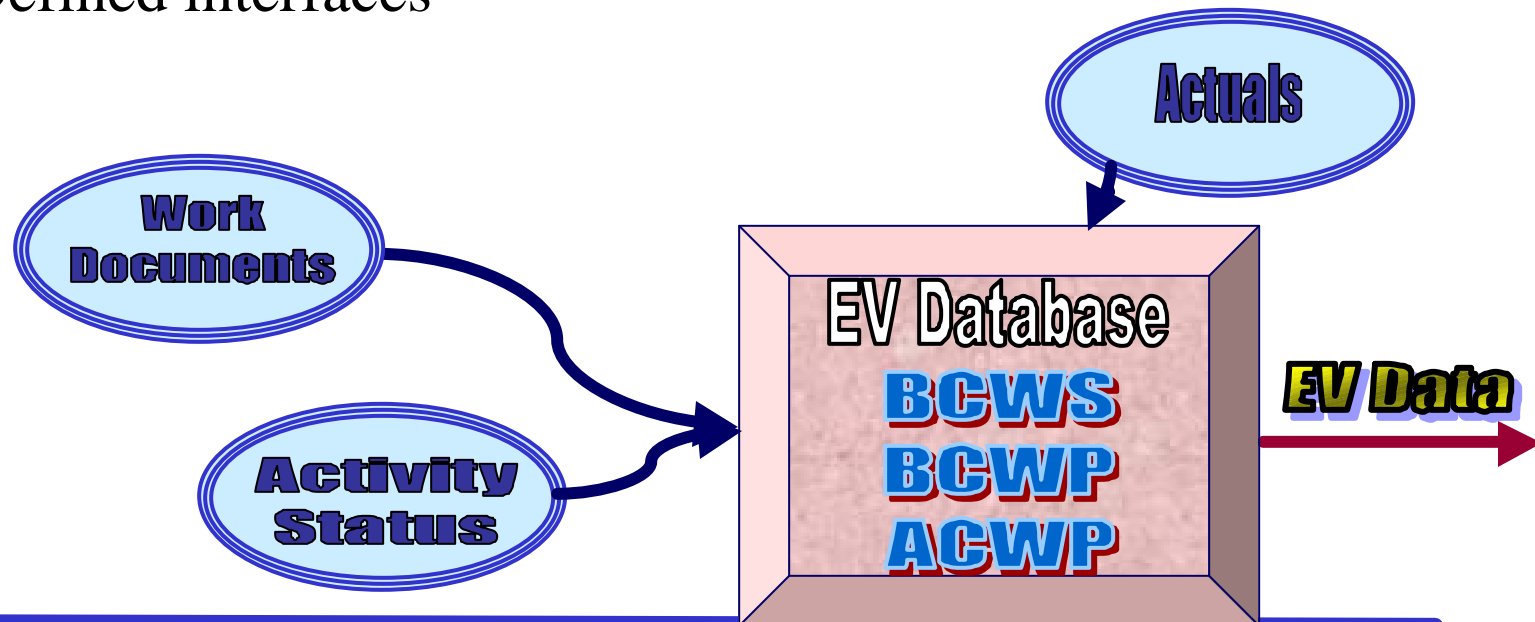
NADEP Jacksonville Earned Value

- ***Changed Organizational Culture***
  - Accepted management tool
  - Production floor buy-in
    - CPM Model
    - Variance Analysis at a meaningful level
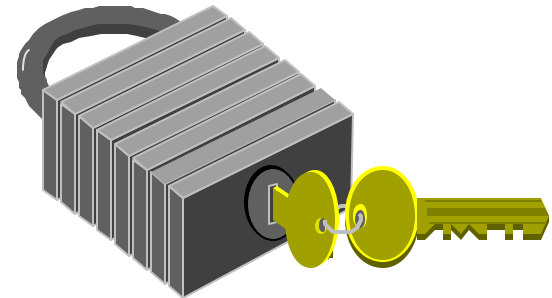
NADEP Jacksonville Earned Value

- Evolving process
  - Fear of the unknown
  - Adapting to personal management styles
  - Business Process Re-Engineering
  - Resource assignment
  - Team establishment
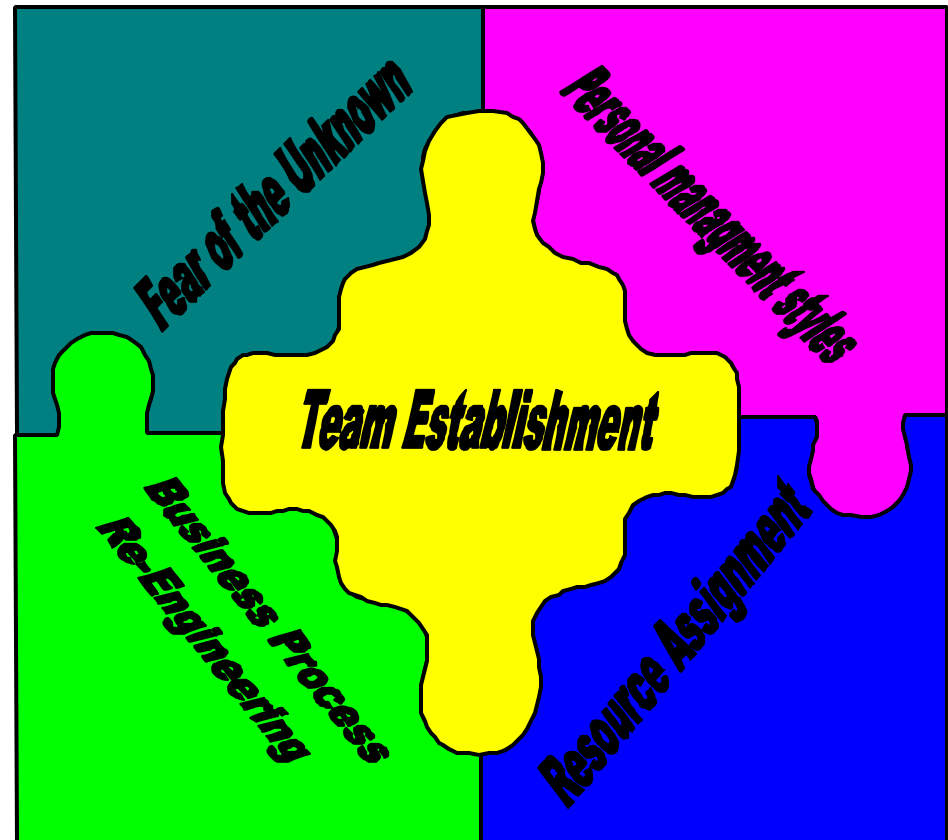
NADEP Jacksonville Earned Value
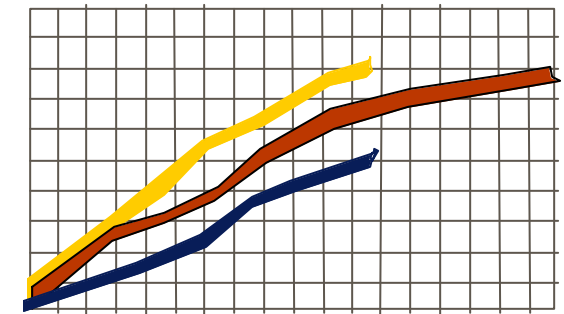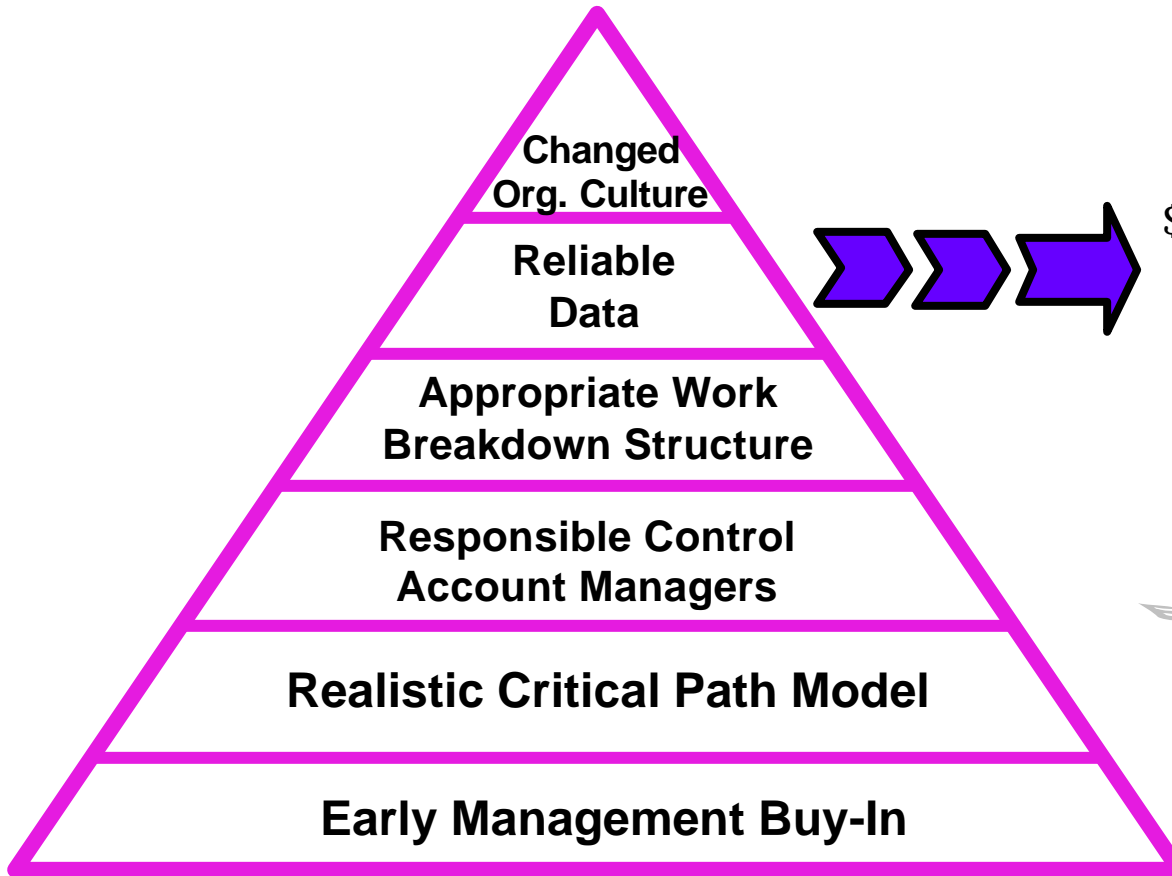
Pyramid (bottom to top):
- Early Management Buy-In
- Realistic Critical Path Model
- Responsible Control Account Managers
- Appropriate Work Breakdown Structure
- Reliable Data
- Changed Org. Culture

$

Time

Earned Value Management

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

XXI

VALIDATION
&
SURVEILLANCE

Mr. William "Bill" Gibson
Mr. Dominic A. "Chip" Thomas

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

VALIDATION

- **WHY VALIDATE/CERTIFY**
  - **WHO PAYS THE COST**
    - **FACILITY SHOULD PAY**
    - **CUSTOMER SHOULD PAY**

  - **NAVAIR 6.0 WILLING TO PAY FOR IMPLEMENTATION**
    - **WILL NOT PAY FOR CERTIFICATION**

  - **ALBANY WANTS CERTIFICATION FOR COMPETITIVE ADVANTAGE**

- **WHO DOES IN-HOUSE VALIDATION**
  - **NO AUTHORIZATION FOR DCMC**
  - **COULD FALL TO BUYING COMMAND**
    - **IF BUYING COMMAND DOES REVIEW, DCMC MAY LOOK AT FINAL REPORT AND VALIDATE IF NEED BE**

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

XXI

• **VALIDATION:** (continued)

- **NO CONSESUS FOR LESS THAN FULL ACCEPTANCE**
  - **ALL 32 CRITERIA OR NOTHING**

- **NAVAIR HAS SIGNED FOR ACCEPTANCE AND WILL CONTINUE TO SIGN FOR NON-DOD ACCEPTANCE**
  - **FOR SERVICE ONLY ACCEPTANCE**

- **DCMC ONLY ONE TO SIGN FOR DOD ACCEPTANCE**

- **LESSONS LEARNED:**
  - **CAREFULLY EVALUATE IF FULL DOD VALIDATION IS NECESSARY**
  - **THERE IS MORE THAN ONE WAY TO ACHIEVE VALIDATION**

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

· SURVEILLANCE

- **DECIDE EARLY HOW SURVEILLANCE WILL BE ACCOMPLISHED**
    - **ALBANY DECIDED EARLY TO USE IN-HOUSE STAFF**
    - **AT THIS TIME DCMC NOT AUTHORIZED FOR IN-HOUSE SURVEILLANCE**

- **APPROACHES TO ACCOMPLISH SURVEILLANCE**
    - **COULD INCLUDE USE OF METRICS**
    - **UTILIZE IN-HOUSE STAFF**
    - **UTILIZE PROGRAM OFFICE STAFF**

- **BEST PRACTICE**
    - **USE IN-HOUSE STAFF WITH PMO/PEO INVOLVEMENT**

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

XXI

VALIDATION
&
SURVEILLANCE

Mr. William "Bill" Gibson
Mr. Dominic A. "Chip" Thomas

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

- Short History of EVMS Validation/Surveillance

- Review all Government plans to complete effort

  - General Order Summary

  - Organization and WBS Structure

  - Responsibility Assignment Matrix

  - Work Authorization Documents

  - Network/Program Schedules

  - Earned Value Methods

  - Cost Account Plans

  - Baseline Maintenance

- How do we do this?

  - CONCERNS:

    - Categorize Concerns

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

- **CONCERNS: (**continued)

- **Evaluation Events:**
  - **Will All Criteria Be Reviewed?**
    - **Incremental Visits**
    - **As Subsystems Compliance is Completed**
    - **Full Demonstration**
      - **When Will They be Ready to Demonstrate**
    - **Will an IBR be Part of the Process**
      - **Can IBR be Part of a Demonstration**

- **Accounting - Will DCAA be involved????**
  - **Recognized, Acceptable, Costing Techniques**

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

XXI

- **CONCERNS: (**continued)
- **Material Accounting System - Does It Provide For:**
  - **Accurate Cost Accumulation**
  - **Assignment of Costs to Control Accounts in a Manner Consistent with the Budget**
  - **Cost Performance Measurement at a Point of Time Suitable for Material Involved**
  - **Full Accountability of all Material**

- **Analysis and Management Reports:**
  - **Will Monthly Data/Information be Generated at the Control Account Level**
  - **Will Data be Actual Cost Data from the Accounting System**
  - **What Time Frame can this be Expected**

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

XXI
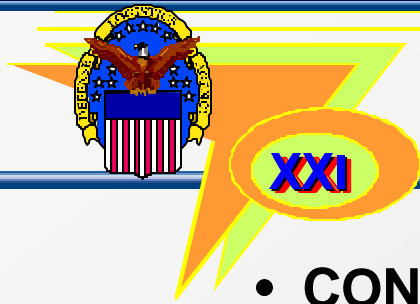
- **CONCERNS: (**continued**)**

- **Revisions and Data Maintenance:**
  - **Will Authorized Changes be Incorporated in a Timely Manner?**

  - **Will Retroactive Changes be Controlled?**

  - **Prevent Revisions to the Program Budget Except for Authorized Changes**

  - **Insure All Changes Are Documented (** **UB & MR)**

- **Surveillance**

  - **How Will It Be Accomplished?**

    - **Who Will Accomplish System Surveillance?**

    - **Who Will Accomplish Program Surveillance?**

    - **Will DCAA do Accounting Surveillance?**

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

- **CONCERNS: (**continued**)**

- **Data/Information Required:**

  - **Will a Detail Presentation of Their Management System be Required?**

  - **Will Compliance with All 32 Criteria be Required?**

  - **What Monthly Reports Will Be Required**

IN-HOUSE (GOVERNMENT) EVMS WORKSHOP

DCMC HQ, Ft. Belvoir, VA

Bill Gibson   (703)767-3368
Mike Lowry   (703)767-3357

http://www.dcmc.hq.dla.mil/teaminfo/AQOF/earnval.htm

DCMC EVMS Center Personnel, Carson, CA

Tom Bryant (Acting) Director,   (310) 900-6700
Rosie Pominville, Administrative Support   (310) 900-6701
Gayle Brooks, EVMS Specialist   (310) 900-6702
Tom Bryant, EVMS Specialist   (310) 900-6705
Richard Carroll, EVMS Specialist   (310) 900-6703
Walter Juzefczyk, EVMS Specialist   (310) 900-6704
D.A."Chip" Thomas, EVMS Specialist   (310) 900-6706
EVMS Center Hotline   (888) 565-EVMS

Homepage - http://evms.dcmdw.dla.mil

IN-HOUSE EVM WORKSHOP
22-23 JUNE 1999

ANALYSIS AND TRAINING
ISSUES AND RECOMMENDATIONS

- ANALYSIS:

  1. ISSUE – Level of WBS?

     RECOMMENDATION – Depends on level of management. Starts where work is performed and up.

  2. ISSUE -- Depot Level Managers not requiring and using EVM information to manage.

     RECOMMENDATION – Provide Integrated EVM Education and Training (see Training issue # 1).

  3. ISSUE – All EVM customers are not recognized. Example: Operational chain of command.

     RECOMMENDATION – Recognize the value of EVM information for ALL customers.

- TRAINING:

  1. ISSUE – Government Management incentives. Example: Expenditure Rates.

     RECOMMENDATION – A. "Integrated" Training as to the interdependencies of funds, budget, and EVM information in our performance based disciplines.
          Example: EVM information includes organization, work authorization, scheduling, planning and budgeting, accounting, performance status (technical, schedule and cost), and analysis – all indicative of budget and funds required for effort accomplished and effort remaining.

     RECOMMENDATION – B. Workshops for Users and Customers.

        ACTION: DSMC EVM CHAIR – Dave Melton

  2. ISSUE – Workforce Education needs to be emphasized.

     RECOMMENDATION – Obtain Continuing Education Units (CEU) endorsements from all functional boards. Examples include the BCFM, AMFB, SPRDE, etc.

        ACTION: Joni Forman, OUSD(A&T)SA/PM

  3. ISSUE – No "One Size Fits All"

     RECOMMENDATION –
                     A. Target audiences and issues
                          (Identify Roles and Responsibilities)
                     B.   Provide Web Based Instruction, Schools, and On Site Training
                     C.   Train the Trainers
                     D.   Provide Procedural Training
                     E.   Provide One and One Training

Government Accounting

- Purpose
  - Process Data and execute transactions
  - Track Expenditure of Appropriated Funds
  - Provide Management Information

Government Accounting

- Structure
  - Data Processing - Centrally controlled DoD system managed by DFAS
  - Tracking Expenditure of Appropriated Funds – Decentralized
  - Management Information – Ad Hoc primarily related to funds tracking

Government Accounting

- Governing Regulatory Requirements
  - Commercial Industry
    - Financial Standards Accounting Board (GAAP)
    - Internal Revenue Service - Tax Accounting
    - DoD - Cost Accounting Standards
  - Government Accounting
    - Appropriation Law and Regulation

Government Accounting

DoD Directive 5000.1b

   g. Management Control

   …. " **In implementing internal management control systems, managers shall focus on <u>results, not process</u>**"

Government Accounting

- Intent EVM Accounting Criteria :
  - Record costs consistent with established budgets
  - Insure control of indirect costs
  - Insure disciplined accumulation of cost
  - Insure proper material accounting and performance application

Government Accounting

Issues:

1. Is the capability of the Government accounting system compatible with EVM Accounting criteria?

2. What specific accounting functions are necessary to provide management data?

3. How can Government facilities acquire the necessary accounting capability?

4. Who should be responsible for acquiring accounting capability?

5. Identify applicable accounting initiatives currently under way

Government Accounting

Summary of Issues:

1 Is the capability of the Government accounting system compatible with EVM Accounting criteria?

   Yes, this team believed that Government accounting systems are compatible with meeting EVM criteria.

2 What specific accounting functions are necessary to provide management data?

   A cost charging system that collects by budget element

   Historical data storage system that can be accessed for periodic reporting

Government Accounting

Summary of Issues:

3 How can Government facilities acquire the necessary accounting capability?

- By working with the applicable personnel with in a facility this capability can be develop, or

- Off line systems can be developed as a last resort

4 Who should be responsible for acquiring accounting capability?

Facility managers, comptrollers, information systems, and program mangers must work together to develop this capability